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ENTERPRISE SOLUTIONS NURTURE RETAIL GROWTH

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It's a difficult point in a teenager's life when he admits he's too big to climb into the coin-operated cars in the mall concourse but too small to sit behind the wheel of the family minivan. It may seem to the teenager that nothing will fulfill his immediate needs until he can grow tall enough to reach the pedals.

In some ways, small- to mid-sized retailers are in their adolescent years as well. "We used to have trouble selling an enterprise-wide solution to a smaller-sized retailer because it didn't recognize that in order to grow it needed to invest in technology," said Jane Giggall, VP of strategic development at Vigilant Business Software, Inc. With only one or two locations, simple off-the-shelf software carries an enticing price tag, but small retailers that want to expand beyond the adolescent stage of retail development need to implement an enterprise-wide system that has functionality built in from the beginning. "Too many times retailers let their budgets rule their technology decisions rather than looking for a solution that is going to help them today and tomorrow," said Steven Chinsky, retail implementation manager at Business Management International, Inc. (BMI). This is not to say retailers need to spend their life savings to implement the latest technology, but they should realize that there are cost-effective technology options that will grow with them if implemented correctly.

One Enterprise, One Database

Tier-one retailers tend to look for best-of-breed technology because they can afford to. But those retailers that operate 2 to 200 stores and earn between \$5 million to \$500 million a year cannot afford to maintain so many individual systems. "A smaller-tiered retailer looks for a single application that can cover as many retail functions as possible," said Laura Privitera, director of marketing at BMI. "One application reduces IT costs because it doesn't require technology specialists to run it. The development costs are also minimized because there isn't a need to rewrite each piece of the solution over time."

To keep the cost of technology to a minimum, retailers should first build one single information database. "The goal is to reduce redundant data entry and retrieval. This way every application can pull information from one place," said Dave Campiglia, retail sales manager at BMI. Once that is established, a retailer can form a collaborative solution that encompasses front and back end retail functions. Companies that cater specifically to small- to mid-sized retailers make sure their solutions incorporate POS (point of sale), inventory and order management, accounting, and CRM (customer relationship management) all in one. As long as the information is accessed from a central database, anyone from finance to

marketing can view the same accurate data. "The only way retailers will see where their growth is really coming from is to analyze their business data," said Jon Mainwaring, president and CEO of Vigilant Business Software, Inc. "Once you grow to a certain point, watching your operation from the store floor simply isn't enough."

Plan Today, Grow Tomorrow

A key factor in purchasing an enterprise-wide software package is to take into consideration your retail company's projected growth. Beginning with a single database is a start, but then you need to consider whether you will have the ability to add customer kiosks to the store or a wireless solution that can be used as both a line-buster and an inventory management device. Retailers should try to improve now, but leave room to upgrade as the cost of certain technologies, such as WAN (wide area network) connectivity, decreases. You can do things over IP (Internet protocol) versus modems, and then eventually move to a WAN when you're ready. And don't forget about expanding the way you conduct business with your suppliers and customers in the future. Will you have the ability to add B2B or B2C functionality? All of these possibilities should be considered early so you build a strong technology foundation.

BMI reminds small- to mid-sized retailers not to get too caught up in a technology boom right away, however. "No enterprise solution needs to be implemented all at once. Purchasing a core system enables other pieces to be added as you grow," Chinsky said.

Let The Internet Work For You

The ultimate goal for a retailer that is looking to install an enterprise-wide retail solution is to gain greater visibility across the company. The best way to achieve this is to enable retail information to be updated in real time. The reduced cost and widespread access to Internet connectivity has enabled companies like Sound Advice, a small Canadian electronics retailer, to avoid the common task of multi-site data polling over a modem and phone lines. Instead, the retailer transmits its sales data via the Internet and then uses the real-time information to monitor its sales and manage its inventory. "Sound Advice is an excellent example of a company that began as a one-store operation, expanded into multiple stores, and succeeded because of technology," Giggal said. "Five years ago, it was only the big guys who could justify the cost of putting in a VPN [virtual private network], for example. Now it has become affordable for any-sized retailer to implement a private Web site." Some might think technology becomes more complicated as a retail operation grows, but if it's implemented correctly in the beginning, it will actually ease the growing pains.